

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 1999-304-C - ORDER NO. 1999-748
OCTOBER 25, 1999

IN RE: Application of CAT Communications,)	ORDER
International, Inc. for a Certificate of Public)	GRANTING
Convenience and Necessity to Provide Local)	CERTIFICATE
Exchange and Interexchange Telecommunications)	
Services within the State of South Carolina.)	
)	

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of the Application of CAT Communications International, Inc. ("CAT" or the "Company") for authority to provide local exchange and interexchange telecommunications services within the State of South Carolina. The Application was filed pursuant to S.C. Code Ann. §58-9-280, and the Rules and Regulations of the Commission.

By letter, the Commission's Executive Director instructed CAT to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the areas affected by the Application. The purpose of the Notice of Filing was to inform interested parties of the manner and time in which to file the appropriate pleadings for participation in the proceedings. CAT complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. A Petition to Intervene was received from the South Carolina Telephone Coalition ("SCTC").

On September 30, 1999, counsel for SCTC filed with the Commission a Stipulation in which CAT stipulated that it would seek authority in non-rural local exchange ("LEC") service areas of South Carolina and that it would not provide any local service to any customer located in a rural incumbent's service area, unless and until CAT provides to such rural incumbent LEC and the Commission written notice of its intent prior to the date of the intended service. CAT also stipulated that it was not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas. CAT agreed to abide by all State and Federal laws and to participate to the extent that it may be required to do so by the Commission in support of universally available telephone service at affordable rates. The SCTC withdrew its opposition to the granting of a statewide Certificate of Public Convenience and Necessity to CAT provided the conditions contained in the Stipulation are met. The Stipulation is approved and attached as Order Exhibit 1.

A hearing was commenced on October 7, 1999, at 3:30 p.m., in the Commission's Hearing Room. The Honorable Philip Bradley, Chairman, presided. Norman D. Mason, President of the Company, appeared as the witness for CAT. F. David Butler, General Counsel, represented the Commission Staff.

Norman D. Mason, President and Chief Executive Officer of CAT, appeared and testified in support of the Application. As President and Chief Executive Officer of the Company, Mason's job duties include overseeing the operations of the company, insuring the Company is regulatory compliant, and maintaining the financial integrity of the

Company. CAT wishes to provide resold local and interexchange telecommunications services to business and residential customers in South Carolina.

According to Mr. Mason, CAT has personnel who have extensive managerial and technical expertise. Regarding the Company's financial ability, Mr. Mason testified the Company has personal and corporate resources to do business in South Carolina.

Further, CAT will also offer prepaid interexchange telecommunications services. The Company's name will be disclosed when the long distance service is used, in addition to the Company's toll free customer service number. Customers who use the prepaid interexchange telecommunications services will be made aware of the minutes remaining each time the service is used.

CAT has entered into an interconnection agreement with BellSouth. The Company is currently certified to provide services in New York, Kentucky, and New Jersey.

Mr. Mason testified further that CAT will market its services through print and television media.

Finally, Mr. Mason testified that CAT will abide by all the rules, regulations, and Orders of the Commission if the Company is granted a Certificate of Public Convenience and Necessity.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. CAT is organized as a corporation under the laws of the State of Virginia and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.
2. CAT has the managerial, technical, and financial resources to provide the services as described in its Application.
3. The Commission finds that CAT's "provision of service will not adversely impact the availability of affordable local exchange service."
4. The Commission finds that CAT will support universally available telephone service at affordable rates.
5. The Commission finds that CAT will provide services which will meet the service standards of the Commission.
6. The Commission finds that the provision of local exchange service by CAT does not adversely impact the public interest.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to CAT to provide competitive intrastate local exchange service in South Carolina. The terms of the Stipulation between CAT and SCTC are approved, and adopted as a part of this Order. Any proposal to provide such service to rural service areas is subject to the terms of the Stipulation. In addition, CAT is granted authority to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth

herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), directory assistance, travel card service or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. CAT shall file, prior to offering local exchange services in South Carolina, its final tariff of its local service offerings conforming to all matters discussed with Staff and comporting with South Carolina law in all matters.

3. With regard to the interexchange service offerings of CAT, the Commission adopts a rate design which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

4. CAT shall not adjust its interexchange rates below the approved maximum level without notice to the Commission and to the public. CAT shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for interexchange services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a

general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1998).

5. If it has not already done so by the date of issuance of this Order, CAT shall file its revised maximum long distance tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

6. CAT is subject to access charges pursuant to Commission Order No. 86-584 in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

7. CAT shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If CAT changes underlying carriers, it shall notify the Commission in writing.

8. CAT shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

9. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general

management duties, including financial matters, as well as emergencies which occur during non-office hours.

CAT shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. Attachment B shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced, and the Company is directed to comply with all Commission regulations unless waived by the Commission.

10. CAT shall conduct its business in compliance with Commission decisions and Orders, both past and future, including but not limited to, any and all Commission decisions which may be rendered in Docket No. 96-018-C regarding local competition.

11. By its Application, CAT requested waivers of certain Commission regulations. CAT requested a waiver from the Uniform System of Accounts, directory publishing, and certain reporting requirements not applicable to a resale local provider. The Commission grants a waiver from the Uniform System of Accounts and directory publishing. Regarding reporting requirements, the Commission grants this waiver except with respect to reporting requirements where quality of service will be required. CAT is directed to comply with all other Commission regulations unless expressly waived by the Commission.

12. Title 23, Chapter 47, South Carolina Code of Laws Ann., governs the establishment and implementation of a "Public Safety Communications Center," which is more commonly known as a "911 system" or "911 service." Services available through a

911 system include law enforcement, fire, and emergency medical services. In recognition of the necessity of quality 911 services being provided to the citizens of South Carolina, the Commission hereby instructs CAT to contact the appropriate authorities regarding 911 service in the counties and cities where the Company will be operating. Contact with the appropriate authorities is to be made before beginning telephone service in South Carolina. Accompanying this Order is an information packet from the South Carolina Chapter of the National Emergency Number Association (“SC NENA”) with contact information and sample forms. The Company may also obtain information by contacting the E911 Coordinator at the Office of Information Resources of the South Carolina Budget and Control Board. By this Order and prior to providing services within South Carolina, CAT shall contact the 911 Coordinator in each county, as well as the 911 Coordinator in each city where the city has its own 911 system, and shall provide information regarding the Company’s operations as required by the 911 system.

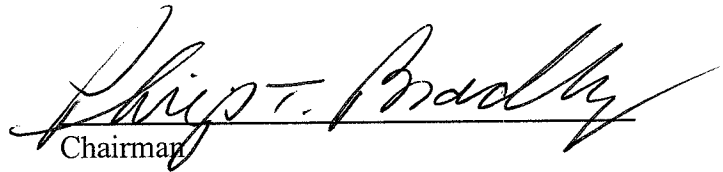
13. As a condition of offering prepaid interexchange telecommunications services, the Commission requires the Company to post with the Commission a bond in the form of a Certificate of Deposit worth \$5,000 drawn in the name of the Public Service Commission of South Carolina or a surety bond in the amount of \$5,000 which is payable to the Commission. The Certificate of Deposit shall be drawn on federal or state chartered banks or savings and loan associations which maintain an office in this state and whose accounts are insured by either the FDIC or the Federal Savings and Loan Insurance Corporation. A surety bond shall be issued by a duly licensed bonding or

insurance company authorized to do business in South Carolina. This requirement may be reviewed on an annual basis.

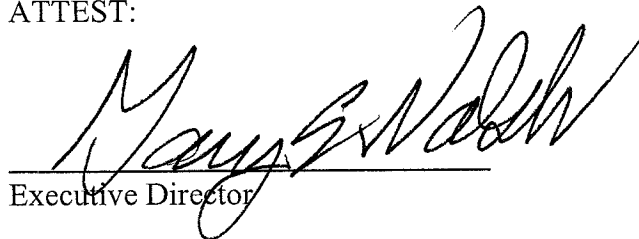
14. If the Company sells its debit cards to retail establishments for resale of the debit cards, and the retailer of the debit cards deviates from the suggested retail price as filed in the tariff, or as approved by the Commission in a special promotion, then the Company will withdraw its cards from that retail outlet. This Commission strongly suggests that the Company enter into written agreements with its South Carolina retail outlets regarding this policy of abiding by suggested retail pricing prior to the outlet marketing the card.

15. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

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OCTOBER 25, 1999
ATTACHMENT A

**ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'S**

COMPANY NAME

FEI NO.

ADDRESS

CITY, STATE, ZIP CODE

PHONE NUMBER

- (1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR
12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- * THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN
PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF
CONSTRUCTION AND CUSTOMER DEPOSITS.
- (4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR ENDING
_____.
- * THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.
- (5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT
OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS
METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3
ABOVE).

SIGNATURE

NAME (PLEASE TYPE OF PRINT)

TITLE

DOCKET NO. 1999-304-C - ORDER NO. 1999-748
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ATTACHMENT B

**INFORMATION OF THE AUTHORIZED UTILITY
REPRESENTATIVES FOR INTEREXCHANGE, LOCAL
AND AOS COMPANIES**

PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION
REGULATION 103-612.2.4(b), each utility shall file and maintain with the Commission
the name, title, address, and telephone number of the persons who should be contacted in
connection with Customer Relations/Complaints.

Company Name/DBA Name

Business Address

City, State, Zip Code

Authorized Utility Representative (Please Print or Type)

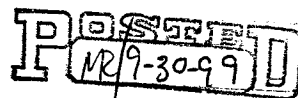
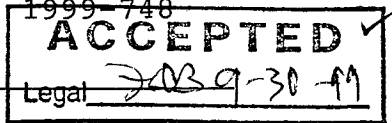
Telephone Number

Fax Number

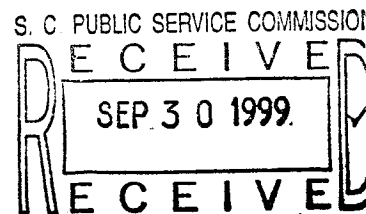
E-Mail Address

This form was completed by Signature

If you have any questions, contact the Consumer Services Department at 803-896-5230

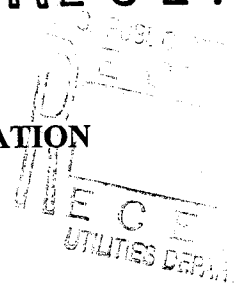


BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA



Re: Application of CAT Communications International,)
Inc. for a Certificate of Public Convenience and)
Necessity to Provide Resold Local Exchange and)
Interexchange Telecommunications Services in)
the State of South Carolina)

STIPULATION



The South Carolina Telephone Coalition ("SCTC") (see attachment "A" for list of companies) and CAT Communications International, Inc. ("CAT Communications") hereby enter into the following stipulations. As a consequence of these stipulations and conditions, the necessity for SCTC's intervention in this matter is avoided and SCTC withdraws its opposition to CAT Communication's Application. SCTC and CAT Communications stipulate and agree as follows:

1. SCTC does not oppose the granting of a statewide Certificate of Public Convenience and Necessity to CAT Communications, provided the South Carolina Public Service Commission ("Commission") makes the necessary findings to justify granting of such a certificate, and provided the conditions contained within this stipulation are met.

2. CAT Communications stipulates and agrees that any Certificate which may be granted will authorize CAT Communications to provide service only to customers located in non-rural local exchange company ("LEC") service areas of South Carolina, except as provided herein.

3. CAT Communications stipulates that it is not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas.

4. CAT Communications stipulates and agrees that it will not provide any local service, by its own facilities or otherwise, to any customer located in a rural incumbent LEC's service area, unless and until CAT Communications provides such rural incumbent LEC and the

RETURN DATE: _____

SERVICE: OK MR

Commission with written notice of its intent to do so at least thirty (30) days prior to the date of the intended service. During such notice period, the rural incumbent LEC will have the opportunity to petition the Commission to exercise all rights afforded it under Federal and State law. Also, CAT Communications acknowledges that the Commission may suspend the intended date for service in rural LEC territory for ninety (90) days while the Commission conducts any proceeding incident to the Petition or upon the Commission's own Motion, provided that the Commission can further suspend the implementation date upon showing of good cause.

5. CAT Communications stipulates and agrees that if, after CAT Communications gives notice that it intends to serve a customer located in a rural incumbent LEC's service area, the Commission receives a Petition from the rural incumbent LEC to exercise its rights under Federal or State law, or the Commission institutes a proceeding of its own, then CAT Communications will not provide service to any customer located within the service area in question without prior and further Commission approval.

6. CAT Communications acknowledges that any right which it may have or acquire to serve a rural telephone company service area in South Carolina is subject to the conditions contained herein, and to any future policies, procedures, and guidelines relevant to such proposed service which the Commission may implement, so long as such policies, procedures, and guidelines do not conflict with Federal or State law.

7. The parties stipulate and agree that all rights under Federal and State law are reserved to the rural incumbent LECs, and this Stipulation in no way suspends or adversely affects such rights, including any exemptions, suspensions, or modifications to which they may be entitled.

8. CAT Communications agrees to abide by all State and Federal laws and to participate, to the extent it may be required to do so by the Commission, in the support of universally available

telephone service at affordable rates.

9. CAT Communications hereby amends its application and its prefiled testimony in this docket to the extent necessary to conform with this Stipulation.

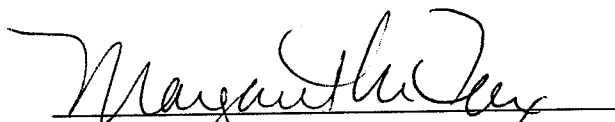
AGREED AND STIPULATED to this 28th day of September, 1999.

CAT Communications International, Inc.:



Monica R. Borne, Esquire
Norwalsky, Bronston and Gothard
3500 North Causeway Blvd., Suite 1442
Metairie, Louisiana 70002

South Carolina Telephone Coalition:



M. John Bowen, Jr.
Margaret M. Fox
McNAIR LAW FIRM, P.A.
Post Office Box 11390
(803) 799-9800

Attorneys for the South Carolina
Telephone Coalition

ATTACHMENT A

South Carolina Telephone Coalition Member Companies for Purposes of Local Service Stipulation

ALLTEL South Carolina, Inc.
Bluffton Telephone Company, Inc.
Chesnee Telephone Company
Chester Telephone Company
Farmers Telephone Cooperative, Inc.
Ft. Mill Telephone Company
Hargray Telephone Company, Inc.
Heath Springs Telephone Company Inc.
Home Telephone Company, Inc.
Lancaster Telephone Company
Lockhart Telephone Company
McClellanville Telephone Company
Norway Telephone Company
Palmetto Rural Telephone Cooperative, Inc.
Piedmont Rural Telephone Cooperative, Inc.
Pond Branch Telephone Company
Ridgeway Telephone Company
Rock Hill Telephone Company
Sandhill Telephone Cooperative, Inc.
St. Stephen Telephone Company
West Carolina Rural Telephone Cooperative, Inc.
Williston Telephone Company